

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

B = Program
y = Time period
z dollars = Amount

Dear _____ :

You asked for advance approval of your educational grant procedures under Internal Revenue Code section 4945(g)(3). This approval is required because you are a private foundation that is exempt from federal income tax.

Our determination

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of Code section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Description of your request

Your letter indicates that you will operate an educational grant program called B.

Your charitable and educational purposes are accomplished by focusing on preserving and protecting the natural environment for the public, promoting conservation and the protection of natural resources, increasing environmental sustainability, and addressing other environmental challenges.

The purpose of B is to make grants to identify ways to preserve and protect the environment, and to produce academic reports. You will provide fellowship grants to certain individuals engaged in important academic research of issues related to the environment. You will publically announce a call for proposals on your website and also invite interested parties to submit their unique proposals for research projects. You do not anticipate utilizing an application form.

The number of fellowship grants you award will depend primarily on the number of compelling research proposals received from qualifying applicants. You envision funding approximately one to two fellows at a time. You anticipate that research projects selected for this program will be y in duration, although some projects may be shorter or longer. It is anticipated that grants will be z dollars, although some projects may require more or less funding.

Each applicant must meet the following qualifications:

- a. Have an advanced degree from a relevant academic field focused on climate change, clean water, energy efficiency, industrial sustainability, the circular economy, sustainable agriculture, or another similar field;
- b. Propose and agree to carry out research or analysis projects aimed at identifying ways to preserve and protect the environment; and
- c. Agree to provide academic papers or analytical articles to you identifying such opportunities for betterment.

Fellows will be chosen in a non-discriminatory manner by a selection committee composed of your Trustees, and well-recognized experts in the field of environmental sustainability. Neither relatives of members of the selection committee, nor of your officers, directors, nor substantial contributors are eligible for awards made under your program.

Your selection committee will consider the following information in making a determination:

- a. Potential benefit of the proposed research project to society through the positive impacts it might have on environmental health and natural systems;
- b. Capacity of the applicant to accomplish the project and produce appropriate academic papers or analytical articles;
- c. Adequacy of the applicant's proposed financial and time budgets for achieving the desired result;
- d. Evidence of cooperation and coordination by the individual with other organizations and individuals working in the same field; and
- e. Any other factors indicating the research or writing project will accomplish your exempt purposes.

Your selection committee will select those research projects that best compliment your principal objective, which is to support projects and organizations focusing on your overall mission. Your selection committee will also determine the amount of each grant by considering the fellow's research proposal, grant request, size and scope of the research project, and a reasonable level of subsidy for the fellow and the fellow's assistants. The grant amounts need not be equal.

You will use formal grant agreements to detail the fellows' and your responsibilities and obligations. During the research project, the fellow will be required to obtain research and

clerical assistants and the facilities, equipment and supplies necessary to conduct the project. It is also expected that the fellow will make him or herself reasonably available at your request to meet with policy-makers to educate them about the issues and potential solutions identified in his or her research.

The grant will be disbursed to the fellow as a periodic stipend during the period of the research project. The grant will subsidize the fellow, the fellow's assistants, and any costs incurred in the research project.

During the grant period, the fellow will be required to submit progress reports to you, which will describe the use of the funds and the progress made toward achieving the purposes for which the grant was made. Such reports will be required periodically, and in no event less than twice per year. Upon completion of the project, the fellow will be responsible for authoring one or more academic papers or analytical articles, identifying the results of his or her research. The fellow will also be responsible for providing a final report, describing the accomplishments with respect to the grant and accounting for the funds received under the grant.

You will maintain all records relating to individual grants, including information obtained to evaluate fellows, identify whether a fellow is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants.

During the grant period, you may, at your own expense, monitor and conduct an evaluation of operations under the grant, which may include visits by your representatives to observe the fellows' research project procedures and operations and to discuss the project with the fellow and his or her assistants. Finally, the fellow will be required to agree to promptly repay you any portion of the grant which for any reason is not used exclusively for the purposes of the grant or within the time period approved for the research project.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is:
 - A scholarship or fellowship subject to section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or

- To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination covers only the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes in your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot make grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and must further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have any questions, please contact the person listed at the top of this letter.

Sincerely,

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements